

AIPN 2009-2010 mid-year report

Holiday greetings to you:

It is a tradition, at this time of year, for the President to give a mid-year report. Together, we have made significant accomplishments since May 2009. Thanks to all of the volunteers who make contributions to AIPN. These contributions make our organization a success.

The following are some highlights of the accomplishments of the first 6 months+ of this year (2009-2010):

Membership. Our membership as of October 2009 reached about 2700 members: this includes the student members. This is the highest membership level AIPN has seen in its history. A special thanks to Elisabeth Eljuri, our VP of Membership.

The Board wants to increase active participation and membership of National Oil Companies (NOCs) in the organization and it adopted a NOC policy at its December 3 Board meeting. The policy provides for a subsidy of a limited number of memberships to be offered to key persons within NOCs and/or government authorities. It also encourages NOC outreach (including NOC Young Negotiators) for AIPN events.

Our Young Negotiator (YN) group was very active during this 6-month+ period. They held three events in Houston and one in Bangkok. In addition they had an outreach event with the upstream Short Course participants in Houston. They are planning a YN event in Rio in early 2010.

Region Activities. This year we increased our focus on the regions. One trend since May is holding one day or longer regional events in: Budapest (first time for Eastern Europe) and Buenos Aires. This coming year there are currently plans underway to hold similar “longer” events in: Perth, Spain, Rio de Janeiro, Sarajevo and Peru. These longer events are becoming increasingly popular. Thanks to Chris Moyes, President-Elect for his continued efforts to assist the regions in this endeavor. In addition to the long regional events, we held events since May in: Port of Spain, Doha, Dallas, Houston, Luanda, Singapore, London, Dubai, Perth, Bangkok, Astana, Almaty, Ho Chi Minh City, Moscow, Ashgabat, Caracas, Melbourne, Calgary and Rio de Janeiro. Be sure to look for events coming up in your region in 2010, at <http://www.aipn.org/events/regions.asp>.

Our Regional Directors are doing an exceptional job. If you want to be more active in your AIPN region, contact your local director:

Bill Lafferrandre - Australia Asia Pacific bill.g.lafferrandre@conocophillips.com

Sean Korney - Middle East sean.korney@bakerbotts.com

Courtney Fowler – CIS courtney.fowler@kz.pwc.com

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Steve Otilar – US steven.otillar@bakernet.com

Jay Park – Canada jay.park@macleoddixon.com

At our January 2010 Board meeting, we will be approving a new region: the Australia Pacific region. More will be written about this in the January Advisor. With the addition of the Australia Pacific region, AIPN will have 8 regions.

Some regions have areas (e.g. cities, countries or regions) that need special focus in a more formalized form. Therefore, the Board approved a new “Sub Chapter” within Regions policy at its December 3 meeting. These Sub Chapters will have their own executive committees, but will still report to the Regional Director. In 2010 several Sub Chapters will be created (initially: Nigeria, Angola, Japan).

Conferences. Conferences, Model Contract Workshop and Education workshops sold out. We started a trend, first time, of selling out our model contracts workshop, conferences and courses beginning in June with the Model Contracts Workshop in Rio sold out. This was followed by the Short Course (upstream) in Houston sold out, the Budapest regional conference sold out, the International Conference in Bangkok sold out and our Negotiations Skills Workshop in Houston filled (one more person and it would have been sold out as well). We continue to strive to deliver high quality courses, conferences and workshops at a reasonable price to our members. Thanks to Mike Josephson, VP of Model Contracts, Pablo Alliani, VP of Conferences and Mike Arruda, VP of Education. Be sure to mark your calendars for our Spring Conference to be held in Galveston April 21-23, 2010.

We offered for the first time in November a 2-day Oil and Gas Asset Valuation workshop in Houston. We expect to offer it again in 2010, in a different part of the world.

This coming March we will be offering the Core Course in Singapore (March 22-26). Thanks to Jim Barnes (“Dad”) for organizing and chairing this course. We expect it to sell out quickly, so sign up soon if you have an interest. Check the Web site http://www.aipn.org/conferences/conferences_current.asp for details.

Press releases/publicity. Beginning mid-year, for the first time, we began a focused publicity/advertisement initiative. Irena Agalliu, VP of External Affairs heads up this effort. To date, we released three press notices for the: Model Contracts Workshop, new LNG Model Contract, and Bangkok International Conference. These news releases were very successful with many hits recorded and may be one of the factors of our success this year. We will continue to advertise our main conferences as well as model contracts as they are approved.

Model Contracts. As mentioned above, the June Model Contract Workshop held in Rio de Janeiro was sold out. This next year’s Workshop will be held in London June 20-23, 2010.

In September, the Board approved the LNG Master Model Contract (Ex-Ship). This Model Contract is available to all members free on our website. The LNG group has reconvened and is now working on a FOB version. In addition to the LNG Contract, the following model contracts are currently being development:

JOA revisions, co-chairs: Garry Howe and Jim Barnes

Drilling Contract, co-chairs; Bill Pugh, Charles White and Don Simpson

Data Exchange Agreement, co-chairs: Carol McDiarmid and Erin Dyer

Area of Mutual Interest, co-chairs: Frank Alexander and Mike Josephson

Model Contracts Template, co-chairs: David Moroney, Chris Moore and Owen Anderson

NEW: revision of Accounting Procedures for JOA and new version of Accounting Procedure

For Unitization: co-chairs: Ben Welmaker and Kerry Speers

To participate in the drafting of these model contracts, sign up through <http://www.aipn.org/modelagreements/development.asp?categoryid=1>

Finance. The financial wellbeing of AIPN is very important. Our Treasurer, David Davies, headed up our financial budgeting process this year. He and his committee did an exceptional job of pulling together the financial information. This may well be the first time the Board has approved a balanced budget.

Our corporate sponsorship reached an all time high at \$253,000 in 2009. Our thanks to the 2009 head of corporate sponsorship, Richard Aguirre. We hope to continue this donation trend into the 2010 year with Jim Andrew and Bryant Daniels heading the effort. This sponsorship level does not include the numerous companies who also sponsor our conferences and regional events. Please see the listing of our corporate sponsors on this Advisor and thank them for their support. Please be sure to encourage your company to sponsor AIPN in 2010. This funding allows AIPN to deliver the programs you want.

Planning. At the December 3 Board meeting, we approved our current 3-Year Business Plan, see this plan at <http://www.aipn.org/members/modelagreements/details.asp?id=93>. Thanks to Richard Aguirre for preparing the plan and coordinating with all of the Vice Presidents.

Website. Our new website is in the final stages of programming. Thanks to VP of Communications, Rob Lesnick and Wendy Petronella, Communications Coordinator. We anticipate the new website operational in the first quarter 2010.

Education. AIPN's first time scholarships were awarded in September 2009 to five recipients. This is particularly dear to me since Eric Fry and I recommended we start the scholarships when I was VP of Education. The recipients for the full scholarships (\$5,000 each) are:

John Chen, University of Texas, Law, originally from California and earned 2 degrees from Stanford (BS in Engineering and MS in Earth Systems). He previously worked for Chevron.

Silvia Solano, University of Texas/EER Graduate Studies, originally from Venezuela and has 2 degrees from Venezuela and Japan in Petroleum Engineering and Chemical Engineering. She previously worked for Schlumberger.

Ryan Torregrossa, Tulsa University/Energy management, originally from Houston and will participate in TU's foreign exchange program attending school in Aberdeen in the Spring. He interned with ConocoPhillips.

John Darko, University of Houston/Law, originally from Ghana and earned 2 degrees in Political Science and Law. He previously worked for Mobil.

Honorable mention: (Partial scholarship, \$2,500): Alveena Chowdhury, University of Tulsa/Energy Management, originally from Bangladesh.

AIPN awarded the **2009-2010 Research paper**: "Transformation of LNG Supply Contracts and Trade Patterns: An analysis of negotiation and investment strategies in the World LNG Market" to Dr. Svetlana Ikonnikova and colleagues, Dmitry Volkov and Miranda L. Ferrell Waiberg, each of the Center for Energy Economics, Bureau of Economic Geology, University of Texas at Austin. This paper should be completed and available to download to members in early 2010.

The AIPN Journal, **The Journal of World Energy, Law and Business**, has a new editor as of July 1, Peter Roberts. If you haven't read the Journal yet, please do. Access the Journal by logging on to the AIPN Web site at <http://www.aipn.org/members/index.asp>

Our staff. We just added a new staff member in October: Lydia Holland, Events and Membership Coordinator. We have an incredible staff that makes our organization work. Thanks to Valerie van Lelyveld-Eyckmans, our Executive Director; Angelique Vesey, Assistant Executive Director and Events Manager; Wendy Petronella, Communications Coordinator; and Connie Leonard, Accountant.

Happy holidays to all! We are looking forward to a great 2010 year!

Karen Krug

AIPN President